

Service Date: April 18, 1991

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF MONTANA

* * * * *

In the Matter of the Application)
of PACIFICORP for authority to)
issue and sell not more than)
3,500,000 additional shares)
of its Common Stock to its)UTILITY DIVISION
PACIFICORP K PLUS EMPLOYEE)DOCKET NO. 91.4.12
SAVINGS AND STOCK OWNERSHIP)DEFAULT ORDER NO. 5552
PLAN AND TRUST and its UTAH)
POWER & LIGHT COMPANY EMPLOYEE)
SAVINGS AND STOCK PURCHASE)
PLAN.)

On April 2, 1991, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission (Commission) its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to issue and sell, from time to time, not more than 3,500,000 additional shares of its Common Stock to the PacifiCorp K Plus Employee Savings and Stock Ownership Plan and Trust (K Plus Plan) and to the Utah Power & Light Company Employee Savings and Stock Purchase Plan of PacifiCorp (Utah Plan).

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on April 15, 1991, there came before the Commission for final action the matters and things in Docket No. 91.4.12, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. The Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.
2. The Company is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. Pursuant to a Plan of Reorganization and Merger, as amended, PacifiCorp, a Maine corporation, and Utah Power & Light Company, a Utah corporation, merged with and into the Company. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of the merger and changing the state of incorporation of PacifiCorp from Maine to Oregon. At the time of the merger the Company changed its name to PacifiCorp. The Company uses the assumed business name of either Pacific Power & Light Company or Utah Power & Light Company within their respective service territories located in the states of Oregon, Utah, Washington, Idaho, Wyoming, Montana and California.

4. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly agenda.

6. The new shares would be issued and sold to the K Plus Plan and Utah Plan from time to time. Based on current activity under these Plans, the Company estimates that the new shares should be adequate to handle transactions under the Plan for three years.

7. The Company proposes to issue and sell, from time to time, not more than 3,500,000 shares of its Common Stock to the K Plus Plan and the Utah Plan for the accounts of qualified employees that participate in the Plans as described below.

8. As part of the K Plus Plan, the Company provides employee benefits to its qualified union and nonunion employees under leveraged employee stock ownership

trusts (ESOP5). Since 1988, the Company has established several ESOP Trusts which enter into borrowings (Loans) with financial institutions (Lenders) to purchase shares of PacifiCorp Common Stock in the open market or directly from the Company. As the principal and interest on the Loans are paid, the lien of the Lenders is released and the Common Stock is allocated to the participants. The sources for payment of principal and interest on the Loans include (1) dividends on the Unallocated Shares, (2) fixed Company contributions, (3) matching Company contributions and (4) additional Company contributions not covered by (1) above. Refer to Docket No. 90.8.50, Default Order No. 5496, for a more detailed description of the ESOPs authorized by the Commission. When the current Loans are repaid, additional shares of PacifiCorp Common Stock may be required to be purchased to the extent the Company remains obligated to continue to make fixed Company contributions to the ESOP portion of the K Plus Plan.

In addition, employees may elect to have a portion of their compensation contributed to the K Plus Plan and invested in one or more investment funds, including a PacifiCorp Common Stock Fund. To the extent employees direct part or all of their contributions to the PacifiCorp Common Stock Fund, the K Plus Plan Trustee currently purchases the necessary shares in the open market.

Under the authority granted in this Docket, the Company would have the ability to issue its shares directly to K Plus Plan for the foregoing purposes at current market prices at the time of issuance.

9. Under the Utah Plan, eligible employees may elect to have up to 6 percent of their regular earnings contributed to the Plan (Basic Contributions), depending upon their years of service with Utah Power, and the Company contributes an amount equal to 85

percent of the employees' contributions. In addition, employees may make supplemental contributions of an amount up to 10 percent of their regular earnings (Supplemental Contributions). Basic Contributions and the Company's matching contributions are invested in PacifiCorp Common Stock. Employees may direct their Supplemental Contributions to be invested in one or more funds, including a PacifiCorp Common Stock Fund. Currently all shares of PacifiCorp Common Stock needed for these purposes are purchased in the open market. Under the authority granted in this Docket, the Company would have the ability to issue its shares directly to the Utah Plan at current market prices at the time of issuance.

10. The Company proposes to issue the new shares of Common Stock to its K Plus Plan and Utah Plan from time to time as contributions are made to the Plans. The results of the issuances of new shares are expected to be:

Estimated Results of the Issuances

	<u>Total</u>	<u>Per Share</u>
Gross Proceeds*	\$73,937,500	\$21.125
Less: Issuance Expenses	<u>(76,000)</u>	<u>(.022)</u>
Net Proceeds	<u>\$73,861,500</u>	<u>\$21.103</u>

*Based upon March 19, 1991 closing stock price. Expenses Allocable to the Company

Expenses Allocable to the Company

Regulatory agency fees	\$ 500
SEC registration fee	7,500
Exchange listing fees	25,000
Company counsel fees	15,000

Accountant's fees	15,000
Printing and engraving fees	10,000
Miscellaneous fees	<u>3,000</u>
 Total Expenses	 \$ <u>\$76,000</u>

11. The net proceeds of the issuances of new shares will be used to reimburse the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501 M To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in the furtherance of a utility purpose.

12. Issuances of the new shares of Common Stock to the K Plus Plan and the Utah Plan are part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests and market uncertainties as to the relative merits of the various types of securities the Company could sell.

13. The issuance of an order authorizing the proposed financing do not constitute agency determination/approval of any issuance— related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1. The proposed issuances of Common Stock and to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on April 2, 1991, for authority to issue and sell, from time to time, not more than 3,500,000 shares of its Common Stock to the PacifiCorp K Plus

Employee Savings and Stock Ownership Plan and Trust and to the Utah Power & Light Company Employee Savings and Stock Purchase Plan of PacifiCorp, pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. PacifiCorp shall file the following as they become available:

- a. The "Report of Securities Issued" required by 18 CFR 34.10.
- b. Verified copies of any agreement entered into in connection with the issuance of Common Stock pursuant to this order.
- c. A verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to the order.

3. Issuance of this order does not constitute acceptance of PacifiCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

4. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 15th day of April, 1991, by
a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

JOHN B. DRISCOLL, Commissioner

BOB ANDERSON, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.